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Research Note: Preliminary recommendations on implementing the Washington Electric Transmission Authority

This research note from the Center for Public Enterprise (CPE) and Clean Air Task Force (CATF) provides preliminary recommendations on implementing S.B. 6355, the bill authorizing the creation of a Washington Electric Transmission Authority (WETA).

Section I describes WETA's powers and its position within the regional transmission development processes of the Pacific Northwest. Section II outlines transaction scenarios in which WETA can facilitate development by leveraging its transactional authorities to act as an anchor tenant for projects, acquire and lease out rights-of-way, or utilize WEDFA's conduit financing capability. Section III provides additional recommendations by which WETA can increase the scale of its interventions through corridor identification, securing additional sources of capitalization or borrowing, collaboration with similar out-of-state entities, and prioritizing permitting coordination.

Section I. WETA and transmission planning in the Pacific Northwest

WETA is a quasi-public authority designed to facilitate the expansion of electric transmission capacity within Washington State. As part of its statutory duties, WETA must:

- **Identify high priority transmission corridors** out of the Western Transmission Expansion Coalition's (WestTEC's) 10- and 20-year horizon reports by October 30, 2027.[1] WETA must update the corridor identification study no later than October 30, 2032.[2]
- **Prioritize partnerships for new electric transmission projects** that increase access to grid connections for renewable resources and nonemitting electric generation, provide access to regional wholesale markets, are located across multiple utility service territories, or that would not otherwise be built by Washington electric utilities.[3]
- **Function as a "statewide resource" for upgrading the transmission system**, including via reconducturing with advanced conductors.[4]
- **Stakeholder obligations**: To the extent possible, WETA must protect cultural and natural resources, avoid impacting overburdened communities, and promote community and economic development.[5]
- **Additional obligations**: WETA must also support community microgrids, pursue cost-effective nonwire alternatives, mitigate wildfire risk, evaluate opportunities to

[1] Section 3, SB 6355.
[2] Section 5, SB 6355.
[3] Section 5, SB 6355.
[4] Section 5, SB 6355.
[5] Section 5, SB 6355.

collaborate with regional wholesale markets, maximize the use of existing rights-of-ways, among other obligations.[6]

Collaboration is at the heart of WETA's mandate. WETA may only proceed to construction on a project as a last resort, when it identifies a pressing need, and if it cannot identify a qualified transmission builder. WETA may originate projects in the absence of such a partner "only as a last resort and where such a project does not interfere with or duplicate a project actively under development by a qualified transmission builder, as determined by the authority."[7] Prior to becoming a transmission owner, WETA must develop a plan that identifies the public purpose of the line, conditions that would render its ownership no longer necessary, costs and benefits of the line, and plans to divest Washington of the line as soon as prudent. WETA must select a qualified transmission builder or operator to plan, acquire, build, finance, maintain, operate the project. When WETA does sell a transmission project off its own books, it may sell it to any number of entities including an independent operator, Bonneville Power Administration (BPA), an electric utility, an independent system operator, or joint operating agency.[8]

WETA may not directly allocate costs on transmission. Nor may it take on its own debt, create debt obligations for the state, or extend the state's credit. When WETA is in a partnership with a transmission project, it may help the project receive conduit financing from the Washington Economic Development Finance Authority (WEDFA). This conduit financing involves non-recourse lending from WEDFA to a project borrower.[9] The financing can be tax-exempt and / or taxable.[10]

In practice, this makes WETA a coordinating entity for transmission project development. WETA can:

1. Identify corridors;
2. Acquire land and rights-of-way through purchases, or eminent domain if purchases fail;
3. Facilitate conduit financing from WEDFA to a project;
4. Use other monies to provide credit enhancements or capacity contracts to a project;
5. Select qualified transmission builders or operators to partner with in development;
6. As a last resort, take a direct ownership role in the development process subject to identifying a purpose and pathways to divestiture.

[6] Section 5, SB 6355.
[7] Section 5, SB 6355.
[8] Joint operating agencies may be formed by two or more municipalities, public utility, or combinations of the two to acquire, construct, operate, own electric generation and transmission systems. Source: Justia U.S. Law. "2025 Revised Code of Washington Title 43."
[9] WEDFA. "Financing information."
[10] WEDFA. "Frequently Asked Questions."

If WETA identifies and secures a role in transmission projects, the advantages would be three-fold. First, it could consolidate a series of state-specific development authorities through its use of permit coordination and eminent domain powers. Second, the conduit financing it receives from WEDFA could be used to derisk lines by supplying them with cheaper debt. With other monies available to it (an appropriation, federal or state grant funds), WETA can also leverage its transactional authorities to support projects in other ways, such as via credit enhancements or offtake contracts on capacity–bridging projects over difficult or highly uncertain phases of development. Third, the use of these authorities can enable WETA to directly or indirectly reduce the weighted average cost of capital of the transmission. Example use cases are described in the next section.

Table 1 below provides a summary of powers WETA can use to operationalize its mandate. As we will see below, the use of these powers are subject to limitations and are best utilized in targeted transaction types where they can support the most transmission capacity.

Table 1. Summary of WETA's operational powers

Type of authority	Description
Line identification	WETA must identify high-priority corridors from WestTEC's 10-year horizon report.[11]
Eminent domain	WETA may exercise eminent domain to secure land and rights of way after obtaining board approval.
Transactional authorities	WETA can enter contracts and agreements. WETA may enter project partnerships to develop transmission. WETA may lease, purchase, accept donations of, hold, own, or use property. WETA may sell, lease, exchange, or dispose of property.
Finance	WETA may apply for and receive federal loans and assistance, as well as other grants or donations. WETA may facilitate conduit financing from WEDFA to a project.
Permitting and siting	WETA may coordinate permitting and siting activities for developers.
Coordination and stakeholder engagement	When entering partnerships, WETA must assist project proponents in the state environmental policy act process and support tribal consultation.

[11] WestTEC. 2026. *West-Wide Transmission Study: 10-Year Horizon Report*.

WETA must also work within a complex network of players that directly and indirectly shape transmission development both in Washington state and the Pacific Northwest. Among others, these include:

- **NorthernGrid**, the regional transmission planner for the purposes of FERC Order 1000 compliance, provides formal transmission plans for the region and an enforceable cost-allocation framework.
- **WestTEC**, coordinated by the Western Power Pool, WestTEC produces voluntary 10- and 20-year transmission plans for the entire Western Interconnection. Any cost allocation between the participating entities to develop projects identified in these plans would be voluntary. WestTEC includes a significant mix of regional stakeholders, including BPA, utilities, independent transmission companies, tribal governments, etc.
- **Bonneville Power Administration (BPA)**, a federal Power Marketing Administration, develops substantial amounts of transmission in the region. BPA is currently in the process of revising its development process and reconsidering external market participation under its new leadership. Its direct financing capacities are limited so, as a result, BPA has interest in local partners to economize its own bonding authority and facilitate local development - especially on permitting and siting.
- **Investor-owned utilities (IOUs) and Public Utility Districts (PUDs)** could be potential counterparties of WETA for their own transmission needs, though both are wary of a competing developer and the latter have existing relationships with BPA.

Given the diversity of these entities, their overlapping mandates and financial constraints, and the lack of a restructured regional market, transmission development in the Pacific Northwest is subject to a series of coordination challenges. In particular, there is no developer that can act as first-mover for transmission projects by consistently maintaining those same projects across the development cycle, get selected in formal or voluntary plans, and reasonably expect to proceed through cost allocation or find stable offtake elsewhere. Merchant development in the region is possible, as evidenced by the Cascade Renewable Transmission line's development,[12] however it is subject to several limitations-most notably the lack of stable offtake arrangements for securing financing.

In the next section, we describe transaction scenarios that would enable WETA to bridge these gaps using its limited borrowing authority and developmental powers. This builds and improves

[12] The project was assessed by NorthernGrid and deemed less cost effective than the combination of Boardman to Hemingway and Gateway West Phase I. As such, no cost allocation analysis was required. The project is proceeding under Sun2o and PowerBridge, LLC. Source: 1) Northwest Power and Conservation Council. 2023. *Memorandum on the NorthernGrid 2022-2023 Draft Transmission Plan*; 2) Sun2o Partners. "Cascade Renewable Transmission Project."

upon CATF's previous working assessing the use of public financing to support transmission development which demonstrates cost savings benefits in both California[13] and New England.[14]

Section II. Utilizing WETA's development powers most effectively

The scenarios we describe are organized by transactional structure. We developed these scenarios through a combination of desk research, interviews with key stakeholders throughout the region, and by building a financial model of a range of potential transactions WETA could undertake. These are preliminary recommendations and are subject to change from ongoing feedback solicitation. Because WETA works through partnerships, the operating assumption of these transaction scenarios is that WETA works to identify projects wherein its combination of financing, offtake, and development supports lowers costs and clears developmental hurdles faster and / or more cheaply than if the counterparty were to go it alone.

Anchor customer for merchant developer: A merchant developer could entirely fund development, but sell a share of the line's capacity to WETA, the anchor customer. The merchant's risk, and therefore cost of equity, is reduced through the upfront purchase. The reduction in the cost of equity provides the cost savings for the line. WETA cannot use WEDFA's conduit financing authority to provide capacity contracts. This is our interpretation of a practical limitation WETA and WEDFA may encounter in financing transmission development or participating in related contracts. It is based on the following: 1) WEDFA conduit financing goes directly to the project borrower; 2) WETA cannot create debt for the state or extend the credit of the state; 3) the operating and capital accounts can only be spent after appropriations.[15] The purchase would have to be financed by WETA's access to state appropriations, federal funds, or other sources of private capital it can collect and deploy.

For the years in which it holds the purchased capacity, WETA would collect capacity payments. WETA could then sell off the purchased capacity after a number of years. The precedent for these transactions is provided by the federal Transmission Facilitation Program (see Box 1).

[13] CATF. 2024. *Wired for Savings.*
[14] CATF. 2025. *A Smarter Way to Pay: Public Financing for Affordable Transmission Development In New England.*
[15] Source: SB 6355, Sections 3, 9-10, 12.

Box 1. The Transmission Facilitation Program (TFP).[16] The TFP is a federal program allowing the Department of Energy (DOE) to borrow up to $2.5 billion in order to A) provide capacity contracts equivalent to 50 percent of a line for up to 40 years, thereby making the Department an "anchor customer" on the line. DOE can then sell the capacity contract at a later date to recoup the cost. In doing so, the Department runs a revolving upfront financing mechanism that also mitigates a substantial risk for long-distance lines (typically developed by merchants): whether there will be customers or offtakers.

Possible customers of the capacity from the line include utilities or PUDs, for whom the purchase would be cheaper than self-development due to the lower risk, which could therefore enable a further reduction in the cost of capital of the utility.

Corridor acquisition: WETA can use its powers to acquire rights of way for transmission lines through purchase or utilization of eminent domain. It would then lease the right of way to any counterparty interested in utilizing it. Like with its offtake authority, this would have to be financed by some other source than WEDFA's conduit financing.

BPA: By working with BPA, WETA could supply the financing for some or all of a proposed transmission project that is developed by BPA. The facility is sold to WETA by BPA, which receives lease payments for its use by BPA, and is sold back to BPA at the end of a fixed term. The reason WETA's participation is additive is due to BPA's own financing constraints, such as the cap on its treasury borrowing (currently $13.7 billion).[17] WETA's funds expand the scope of BPA's capability to finance its transmission assets. Precedents for this arrangement include BPA's partnership with the Port of Morrow and the Idaho Energy Resources Authority (see Box 2 below). In order to proceed with this arrangement, absent finding an alternative lease partner for BPA, WETA would have to own the line directly for a period. In order to do so, it must publish a plan which states the purpose of such ownership, the conditions that would see the ownership end, a divestiture plan, and the costs and benefits to ratepayers. In addition, the line would go through BPA's cost allocation process, which significantly eases financing.

Box 2. BPA's lease-purchase partnership with IERA. In 2025, the Idaho Energy Resources Authority (IERA) entered into a lease-purchase agreement with BPA. As part of this agreement, IERA issued bonds to acquire transmission assets from the Port of Morrow (which

[16] Source. Department of Energy. "Transmission Facilitation Program."

Note. DOE borrowing can also finance loans to developers or, under more limited circumstances, public private partnerships to lines in a national interest electric transmission corridor that are also necessary to accommodate increased demand across state lines. At the time of writing, the future of the national interest electric transmission corridors is subject to change pending legislation in Congress.

[17] BPA. 2025. *2025 Annual Report*. p. 31.

was previously in its own lease-purchase arrangement with BPA). This in turn allowed BPA to extend the financing of those assets out to 2048–the date of termination of its agreement with BPA–and thereby use the savings to pay off BPA bonds held by the Treasury.[18] BPA in turn makes rental payments for the use of the transmission assets financed by IERA.[19] The specific financing terms range between 2.4-5.7 percent for lease-purchase liabilities.[20] In 2025, BPA carried approximately $1.65 billion in lease purchase liabilities with a weighted average rate of 3.1 percent.[21]

Other counterparties working with the NorthernGrid process: WETA could provide credit enhancements and offtake support to lines proceeding through the NorthernGrid process. Under FERC Order 1920, developers can run an open solicitation to a variety of developers (utilities, merchants, etc.) to acquire transmission rights. WETA's participation would, in turn, enhance the benefit-cost-ratio for the proposed lines by reducing the cost of capital - through the lower cost of WEDFA's tax-exempt conduit financing or through a reduction in project equity via offtake support. These transactions are unlikely given the limited number of NorthernGrid lines needing such enhancements and the wariness of utilities to partnering with an entity like WETA. Further, there are other hurdles by which NorthernGrid members could block a project with WETA involvement.

Section III. Recommendations and findings

WETA's operations are limited to the degree that lines must have a significant Washington-state component. However, there are additional steps by which WETA can augment the efficacy and reach of its current powers. These steps would aid any of the transactional scenarios identified above.

First, WETA should use the corridor identification process mandated by SB 6355 to identify upgrades within Washington State or that contain significant segments within Washington State with the assumption that WETA will utilize its authorities as outlined above.

Second, WETA should identify or secure funding or capitalization sources to execute its transactional authorities separate from WEDFA's conduit financing, especially capacity purchases. These could be state or federal appropriations, grants, other sources of private financing, or WETA-specific *revenue* bonding authority separate from that of WEDFA. This would be both an alternative means to support lines, and would enable more efficient utilization of WEDFA's conduit financing–such as to the support of BPA projects or other developments whose primary constraint is on the cost or availability of debt financing. Without these additional

[18] BPA. 2025. *2025 Annual Report*. p. 31-32.
[19] BPA. 2025. *2025 Annual Report*. p. 57.
[20] BPA. 2025. *2025 Annual Report*. p. 56.
[21] BPA. 2025. *2025 Annual Report*. p. 56.

sources of funding or capitalization, WETA's ability to facilitate conduit borrowing by projects or engage in transactions ahead of revenue sources will be limited.

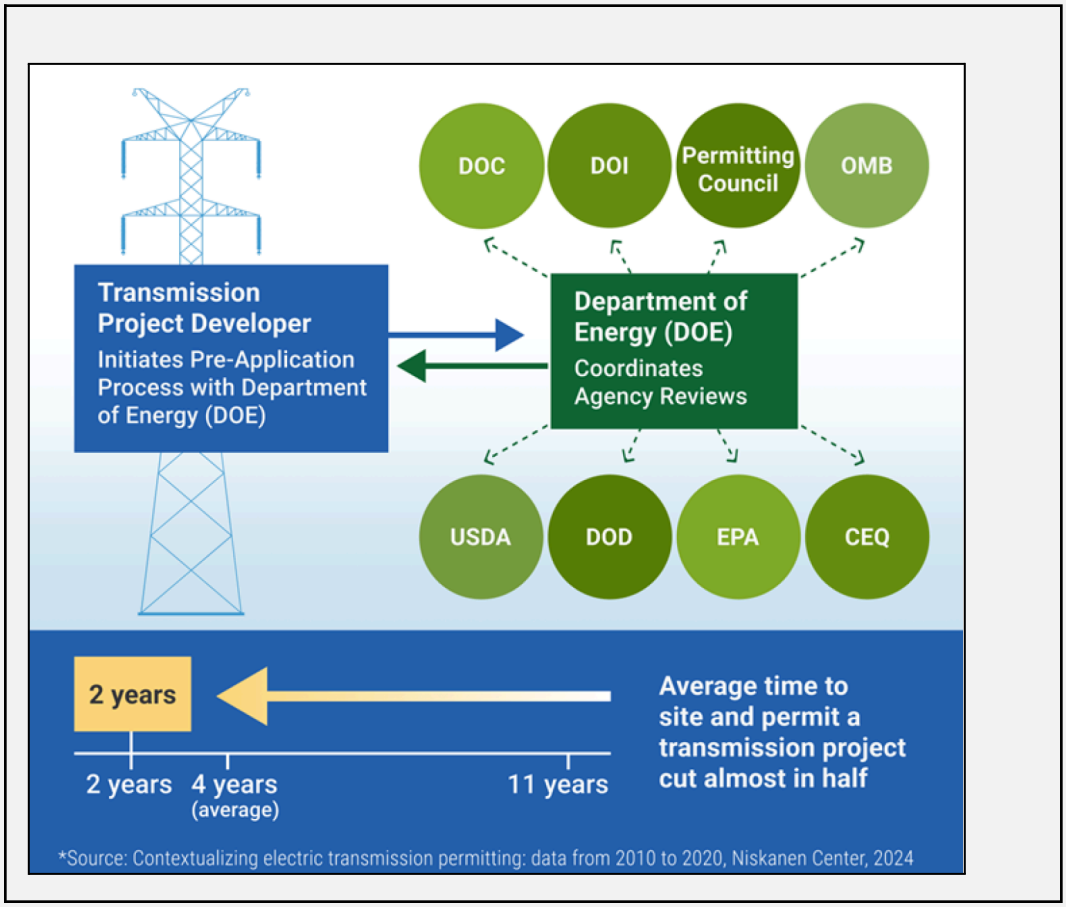
Third, WETA should form collaborative partnerships with similar state-level transmission entities. These include the Idaho Energy Resources Authority, which has partnered with BPA before, and a potential independent entity to oversee clean energy buildout in Oregon. Particularly in cases where the authorities can jointly utilize identical or similar authorities, this would allow them an extended reach geographically and financially, while also presenting a more durable counterparty for BPA. It would also render the collaboration a more potent partner for applicants to NorthernGrid's process and as a partner to entities seeking to develop from WestTec's plans. Moreover, WETA and its out-of-state partners could jointly alleviate challenges arising from differences in their respective permitting processes and provide a communications channel to address emergent problems.

Fourth, WETA should develop its capacities to coordinate permitting and siting for transmission development. SB 6355 lists the coordination of siting and permitting as part of legislative intent.[22] One of WETA's obligations in partnerships is to assist in State Environmental Policy Act implementation. And WETA's ability to secure land and rights of way will further assist as part of the permitting process. To the extent WETA can target its hires and internal development towards a coordination capability on permitting and siting, this would be another avenue to derisking and accelerating project developments - no matter the counterparty WETA is engaging in. All potential counterparties (merchants, BPA, utilities, etc.) face permitting and siting challenges and the authorizing statute offers WETA significant leeway towards the development of these capabilities.

Box 3. Coordinated Interagency Transmission Authorizations and Permits Program (CITAP).[23] The Department of Energy's (DOE's) CITAP is built to streamline federal authorizations for transmission development by streamlining communications between the various federal agencies. In particular, the program commits to a two year timeline for said reviews. Applicants submit information to a portal at DOE, which in turn coordinates agency reviews (see the image below).[24]

Figure 1. DOE schematic on CITAP

[22] Section 1, SB 6355.
[23] 1) DOE. "Coordinated Interagency Transmission Authorizations and Permits Program." 2) DOE. "The Coordinated Interagency Transmission Authorizations and Permits (CITAP) Portal."
[24] The image is reproduced from: DOE. "Coordinated Interagency Transmission Authorizations and Permits Program." The DOE notes at the same source that "*Relevant federal agencies could include: Department of Agriculture (USDA), Department of Commerce (DOC), Department of Defense (DOD), Department of the Interior (DOI), Environmental Protection Agency (EPA), Federal Permitting Improvement Steering Council (Permitting Council), Council on Environmental Quality (CEQ), and the Office of Management and Budget (OMB)."



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